Coronavirus is Here – Now What?  
March 11, 2020

We now have two confirmed cases of COVID-19 in Washoe County and there will likely be many more. While two cases may not seem like much, Italy had just three confirmed cases one month ago, and they now have a nation-wide lockdown, with almost 10,000 confirmed cases and are approaching 500 deaths. While the human impacts, including a high mortality rate, are tragic, the effects on our economy, our businesses, and our daily lives are likely to be profound. So, how does this potential pandemic impact our region and especially our economy, and what can we do about it?

The Sky is not Falling…..Yet! With 120,000 cases reported globally and just over 4,000 fatalities, (about 30 in the U.S.), the number of people affected by COVID-19 is rapidly increasing. These numbers are minuscule in comparison to the flu, car accidents, or other causes of death. The World Health Organization estimates that close to 600,000 people died of the flu last year, almost 35,000 in the U.S. alone. That said, COVID-19 is much more contagious than the flu, has a protracted incubation period of up to five days before someone shows symptoms, and a significantly higher fatality rate. All these factors fuel the fear associated with getting and then passing on the COVID-19. You can see why China, Italy, and likely other countries are moving to mass quarantine to stem the transmission of the virus. This lockdown of entire regions, already being considered in parts of the U.S., will undoubtedly impact business, the economy, and you.

No Longer Business as Usual: The sooner we acknowledge that this pandemic is likely to get here and impact all of us, the sooner we can start to prepare for the impacts. I’m not talking about buying masks or stocking up on toilet paper; I’m referring to the "social distancing" that has increasingly become the primary response to this threat. How will you, as an employer or an employee, be impacted when all the schools are closed, like Japan, Greece, and now Atlanta and Seattle? What about the rapidly declining travel, and canceled events and conferences which will have a huge impact on our visitor and tourism industry? What about our local retail with empty stores and restaurants, or employees that call in sick for weeks and ultimately must be laid off because of the dramatic drop off in business revenue. Then there are the supply chain impacts that have already slowed the supply of nearly everything. Even Amazon, our fall back option when we need something, has "been notifying shoppers of limited delivery availability in some U.S. states.” This is not business as usual, but also not time to panic.

An Economic Slowdown Is Inevitable: With almost 70 percent of the American economy based on consumer spending, you can see why the stock market is in freefall. Now is the time to prepare for the fallout from the "social distancing" effects. As a business, your budget is no longer valid and your ability to function as a business may be compromised. Unlike some of the larger tech companies, you may not be able to operate with your staff “working from home.” What can you do now to anticipate and prepare for that? As an individual, you may want a plan for having the kids at home for weeks or even months, with your normal childcare arrangements no longer viable. Worse yet, you may be put on non-paid leave as many businesses cannot afford to pay employees that are not working. It's time to get our "heads out of the sand" and prepare for this once in a lifetime event.

The Good News: There is a silver lining in this impending crisis. First, it will be relatively short-lived. It seems likely that we will have a vaccine in a year or so. And unlike the financial crisis that went on for years with a slow recovery, our economy is strong and should quickly recover. Second, we have some time to prepare. We know this is coming, and there are things we can do now, as businesses and individuals to mitigate the impacts. Finally, we are a close community that cares about one another. The time may be coming when we need to reach out and help those most impacted. The impact of the virus on our health will be minimal for most of us, like a nasty flu, but our financial lives may be ruined. The loss of employment, even temporarily, could domino into much more, like the loss of our home. If we take this crisis on as a team, while respecting our “social distancing”, I am confident we will come out stronger in the end.